

HOUSE BILL NO. 83

INTRODUCED BY S. DICKENSON

BY REQUEST OF THE STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN ENHANCED RETIREMENT BENEFIT, KNOWN AS A "PROFESSIONAL RETIREMENT OPTION", FOR MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM WHO CONTINUE TO TEACH AFTER REACHING NORMAL RETIREMENT ELIGIBILITY; PROVIDING A STATE CONTRIBUTION FROM THE GENERAL FUND; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-7-502, 19-20-801, 19-20-802, AND 19-20-804, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. State contribution to fund professional retirement option allowances.

(1) Of the total earned compensation reported to the retirement system for all members, the state shall contribute monthly from the general fund to the pension trust fund a percentage equal to:

(a) 0.99% beginning July 1, 2010; and

(b) 1.98% beginning July 1, 2011.

(2) The board shall certify the amount due under this section, and the state treasurer shall transfer that amount to the pension trust fund within 1 week.

(3) The contributions under this section are statutorily appropriated, as provided in 17-7-502, to the pension trust fund to be used to pay professional retirement option allowances.

Section 2. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory

1 appropriation is made as provided in this section.

2 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
3 5-11-407; 5-13-403; 7-4-2502; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314;
4 10-4-301; 15-1-121; 15-1-218; 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
5 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304;
6 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;
7 19-20-604; 19-20-607; [section 1]; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105;
8 23-4-202; 23-4-204; 23-4-302; 23-4-304; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204;
9 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-1-504; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703;
10 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150;
11 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-1-115; 90-1-205;
12 90-3-1003; and 90-9-306.

13 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
14 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
15 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
16 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
17 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
18 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
19 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is
20 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014;
21 pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion of 15-35-108
22 terminates June 30, 2010; pursuant to sec. 17, Ch. 593, L. 2005, the inclusion of 15-31-906 terminates January
23 1, 2010; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates upon the death of the last
24 recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; and pursuant to sec. 6,
25 Ch. 2, Sp. L. September 2007, the inclusion of 76-13-150 terminates June 30, 2009.)"

26

27 **Section 3.** Section 19-20-801, MCA, is amended to read:

28 **"19-20-801. Eligibility for service retirement.** (1) A member who is eligible for a service retirement
29 allowance under 19-20-804(1) if the member:

30 (a) has at least 5 full years of creditable service and ~~who~~ has attained the age of 60; or

1 (b) has been credited with full-time or part-time creditable service in 25 or more years ~~may retire from~~
2 ~~service if the member has.~~

3 (2) (a) Except as provided in subsection (2)(b), a member with 30 or more years of creditable service
4 who is at least 55 years of age and who retires on or after June 1, 2011, is eligible for the professional retirement
5 option allowance under 19-20-804(1).

6 (b) A retired member whose retirement allowance was terminated following reinstatement as an active
7 member is not eligible for the professional retirement option allowance under 19-20-804(2) unless the member
8 has been credited with at least 2 full years of membership service after [the effective date of this act].

9 (3) To receive a service retirement allowance or a professional retirement option allowance, a member
10 must have terminated employment in all positions from which the member is eligible to retire and ~~files~~ filed a
11 written application with the retirement board ~~a written application.~~"

12
13 **Section 4.** Section 19-20-802, MCA, is amended to read:

14 **"19-20-802. Early retirement eligibility and allowance.** (1) A Subject to 19-20-731(5), a member who
15 is not eligible for a service or professional retirement but who has at least 5 years of creditable service and who
16 has attained the age of 50 may retire from service and be eligible for an early retirement allowance if the member
17 files a written application with the retirement board ~~the member's written application.~~

18 (2) The early retirement allowance must be determined as prescribed in 19-20-804 and section 5,
19 Chapter 549, Laws of 1981, with the exception that the allowance will be reduced as follows:

20 (a) by 1/2 of 1% multiplied by the number of months up to a maximum of 60 months by which the
21 retirement date precedes the date on which the member would have retired had the member attained 60 years
22 of age or ~~had the member~~ completed 25 years of creditable service; and

23 (b) by 3/10 of 1% multiplied by the number of months in excess of the 60 months in subsection (2)(a)
24 but not to exceed 60 additional months that the retirement date precedes the date on which the member would
25 have retired had the member attained 60 years of age or ~~had the member~~ completed 25 years of creditable
26 service."

27
28 **Section 5.** Section 19-20-804, MCA, is amended to read:

29 **"19-20-804. Allowance for service retirement or professional retirement option -- postretirement**
30 **earnings and reemployment limitations.** (1) Upon termination, a member who ~~has attained normal retirement~~

1 ~~age must~~ is eligible for a service retirement allowance under 19-20-801(1) is entitled to receive a retirement
2 allowance equal to one-sixtieth of the member's average final compensation, as limited by 19-20-715, multiplied
3 by the sum of the number of years of creditable service and service transferred under 19-20-409.

4 (2) Except as provided in 19-20-731, upon termination, a member who is eligible under 19-20-801(2)
5 for the professional retirement option allowance is entitled to receive an allowance equal to 2% of the member's
6 average final compensation, as limited by 19-20-715, multiplied by the sum of the member's years of creditable
7 service and service transferred under 19-20-409."

8
9 NEW SECTION. Section 6. Codification instruction. [Section 1] is intended to be codified as an
10 integral part of Title 19, chapter 20, part 8, and the provisions of Title 19, chapter 20, part 8, apply to [section 1].

11
12 NEW SECTION. Section 7. Effective date. [This act] is effective July 1, 2009.

13 - END -